

1 BILL LOCKYER, Attorney General
of the State of California
2 MICHAEL J. WEINBERGER, State Bar No. 068612
Deputy Attorney General
3 California Department of Justice
1300 I Street, Suite 125
4 P.O. Box 944255
Sacramento, CA 94244-2550
5 Telephone: (916) 445-2271
Facsimile: (916) 327-8643
6

Attorneys for Complainant
7

8 **BEFORE THE**
CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS
9 **STATE OF CALIFORNIA**

10 In the Matter of the Accusation Against:

11 JEFFREY M. BACSIK
12 565 Chestnut Street
Wycoff, NJ 07481
13

Certificate No. 66819 (CPA) (Inactive)
14

Respondent.
15

Case No. AC-2003-20

**STIPULATED SETTLEMENT AND
DISCIPLINARY ORDER**

16
17 IT IS HEREBY STIPULATED AND AGREED by and between the parties to the
18 above-entitled proceedings that the following matters are true:

19 PARTIES

20 1. Carol Sigmann (Complainant) is the Executive Officer of the California
21 Board of Accountancy. She brought this action solely in her official capacity and is represented
22 in this matter by Bill Lockyer, Attorney General of the State of California, by Michael J.
23 Weinberger, Deputy Attorney General.

24 2. Respondent Jeffrey M. Bacsik (Respondent) is represented in this
25 proceeding by attorney Sean G. Blackman, whose address is O'Melveny & Myers LLP, City
26 Group Center, 153 East 53d Street, Office 5222 New York, NY 10022-4611.

27 3. On or about May 13, 1994, the California Board of Accountancy issued
28 Certificate No. 66819 (CPA) to Jeffrey M. Bacsik (Respondent). The Certificate expired on

1 November 30, 2002, and has not been renewed.

2 JURISDICTION

3 4. Accusation No. AC-2003-20 was filed before the California Board of
4 Accountancy (Board), Department of Consumer Affairs, and is currently pending against
5 Respondent. The Accusation and all other statutorily required documents were properly served
6 on Respondent on January 30, 2003. Respondent timely filed his Notice of Defense contesting
7 the Accusation. A copy of Accusation No. AC-2003-20 is attached as exhibit A and incorporated
8 herein by reference.

9 ADVISEMENT AND WAIVERS

10 5. Respondent has carefully read, fully discussed with counsel, and
11 understands the charges and allegations in Accusation No. AC-2003-20. Respondent has also
12 carefully read, fully discussed with counsel, and understands the effects of this Stipulated
13 Settlement and Disciplinary Order.

14 6. Respondent is fully aware of his legal rights in this matter, including the
15 right to a hearing on the charges and allegations in the Accusation; the right to be represented by
16 counsel at his own expense; the right to confront and cross-examine the witnesses against him;
17 the right to present evidence and to testify on his own behalf; the right to the issuance of
18 subpoenas to compel the attendance of witnesses and the production of documents; the right to
19 reconsideration and court review of an adverse decision; and all other rights accorded by the
20 California Administrative Procedure Act and other applicable laws.

21 7. Respondent voluntarily, knowingly, and intelligently waives and gives up
22 each and every right set forth above.

23 CULPABILITY

24 8. Respondent admits, under the First Cause For Discipline set forth
25 in Accusation No. AC-2003-20, that his privilege of appearing and practicing before the United
26 States Securities and Exchange Commission was denied on December 27, 2001. Respondent
27 further admits the truth of each and every charge and allegation in Paragraph 8 of Accusation No.
28 AC-2003-20.

1 9. Respondent agrees that his Certificate is subject to discipline and he agrees
2 to be bound by the California Board of Accountancy (Board) 's imposition of discipline as set
3 forth in the Disciplinary Order below.

4 RESERVATION

5 10. The admissions made by Respondent herein are only for the purposes of
6 this proceeding, or any other proceedings in which the California Board of Accountancy is
7 involved, and shall not be admissible in any other criminal or civil proceeding.

8 CONTINGENCY

9 11. This stipulation shall be subject to approval by the California Board of
10 Accountancy. Respondent understands and agrees that counsel for Complainant and the staff of
11 the California Board of Accountancy may communicate directly with the Board regarding this
12 stipulation and settlement, without notice to or participation by Respondent or his counsel. By
13 signing the stipulation, Respondent understands and agrees that he may not withdraw his
14 agreement or seek to rescind the stipulation prior to the time the Board considers and acts upon
15 it. If the Board fails to adopt this stipulation as its Decision and Order, the Stipulated Settlement
16 and Disciplinary Order shall be of no force or effect; except for this paragraph, it shall be
17 inadmissible in any legal action between the parties, and the Board shall not be disqualified from
18 further action by having considered this matter.

19 12. The parties understand and agree that facsimile copies of this Stipulated
20 Settlement and Disciplinary Order, including facsimile signatures thereto, shall have the same
21 force and effect as the originals.

22 13. In consideration of the foregoing admissions and stipulations, the parties
23 agree that the Board may, without further notice or formal proceeding, issue and enter the
24 following Disciplinary Order:

25 DISCIPLINARY ORDER

26 IT IS HEREBY ORDERED that Certificate No. 66819 (CPA) (Inactive) issued to
27 Respondent Jeffrey M. Bacsik is revoked. However, the revocation is stayed and Respondent is
28 placed on probation for three (3) years on the following terms and conditions.

1 1. **Actual Suspension.** Certificate No. 66819 (CPA) (Inactive) issued to
2 Jeffrey M. Bacsik is suspended for three (3) months. During the period of suspension the
3 Respondent shall engage in no activities in California for which certification as a Certified Public
4 Accountant or Public Accountant is required as described in Business and Professions Code,
5 Division 3, Chapter 1, Section 5051.

6 2. **Obey All Laws.** Respondent shall obey all federal, California, other
7 states' and local laws, including those rules relating to the practice of public accountancy in
8 California.

9 3. **Submit Written Reports.** Respondent shall submit, within ten (10) days
10 of completion of the quarter, written reports to the Board on a form obtained from the Board.
11 The Respondent shall submit, under penalty of perjury, such other written reports, declarations,
12 and verification of actions as are required. These declarations shall contain statements relative to
13 Respondent's compliance with all the terms and conditions of probation. Respondent shall
14 immediately execute all release of information forms as may be required by the Board or its
15 representatives.

16 4. **Personal Appearances.** Respondent shall, during the period of probation,
17 appear in person at interviews/meetings as directed by the Board or its designated
18 representatives, provided such notification is accomplished in a timely manner.

19 5. **Comply With Probation.** Respondent shall fully comply with the terms
20 and conditions of the probation imposed by the Board and shall cooperate fully with
21 representatives of the Board of Accountancy in its monitoring and investigation of the
22 Respondent's compliance with probation terms and conditions.

23 6. **Practice Investigation.** Respondent shall be subject to, and shall permit,
24 practice investigation of the Respondent's professional practice. Such a practice investigation
25 shall be conducted by representatives of the Board, provided notification of such review is
26 accomplished in a timely manner.

27 7. **Comply With Citations.** Respondent shall comply with all final orders
28 resulting from citations issued by the Board of Accountancy.

8. **Violation of Probation.** If Respondent violates probation in any respect, the Board, after giving Respondent notice and an opportunity to be heard, may revoke probation and carry out the disciplinary order that was stayed. If an accusation or a petition to revoke probation is filed against Respondent during probation, the Board shall have continuing jurisdiction until the matter is final, and the period of probation shall be extended until the matter is final.

9. **Completion of Probation.** Upon successful completion of probation, Respondent's license will be fully restored.

10. **Continuing Education Courses.** Respondent shall complete and provide proper documentation of a Board-approved 8-hour continuing education accounting and auditing course which includes revenue-recognition topics.

Failure to satisfactorily complete the required course no later than 100 days prior to the termination of probation shall constitute a violation of probation.

11. **Cost Reimbursement.** Respondent shall reimburse the Board \$ 3,091.76 for its investigation and prosecution costs. The payment shall be made within six (6) months of the date the Board's decision is final.

/ / / / /

ACCEPTANCE

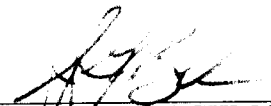
I have carefully read the above Stipulated Settlement and Disciplinary Order and have fully discussed it with my attorney, Sean G. Blackman. I understand the stipulation and the effect it will have on my Certificate. I enter into this Stipulated Settlement and Disciplinary Order voluntarily, knowingly, and intelligently, and agree to be bound by the Decision and Order of the California Board of Accountancy.

DATED: June 16, 2003

~~JEFFREY M. BACSIK~~
Respondent

1
2 I have read and fully discussed with Respondent Jeffrey M. Bacsik the terms and
3 conditions and other matters contained in the above Stipulated Settlement and Disciplinary
4 Order. I approve its form and content.

5 DATED: JUNE 19, 2003.

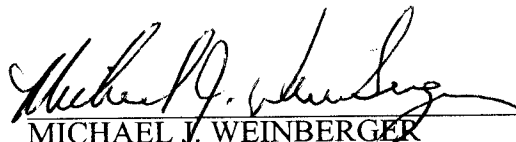
6
7 
8 SEAN G. BLACKMAN
Attorney for Respondent

9
10
11
12 ENDORSEMENT

13 The foregoing Stipulated Settlement and Disciplinary Order is hereby respectfully
14 submitted for consideration by the California Board of Accountancy of the Department of
15 Consumer Affairs.

16
17 DATED: 6/25/03.

18 BILL LOCKYER, Attorney General
of the State of California

19
20 
21 MICHAEL J. WEINBERGER
Deputy Attorney General

22 Attorneys for Complainant

23
24 DOJ Docket Number: 03541110-SA2003100005

**BEFORE THE
CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA**

In the Matter of the Accusation Against:

JEFFREY M. BACSIK
565 Chestnut Street
Wycoff, NJ 07481

Certificate No. 66819 (CPA) (Inactive)

Respondent.

Case No. AC-2003-20

DECISION AND ORDER

The attached Stipulated Settlement and Disciplinary Order is hereby adopted by the California Board of Accountancy, Department of Consumer Affairs, as its Decision in this matter.

This Decision shall become effective on August 29, 2003.

It is so ORDERED July 30, 2003.



FOR THE CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS

Exhibit A
Accusation No. AC-2003-20

BILL LOCKYER, Attorney General
of the State of California
MICHAEL J. WEINBERGER, State Bar No. 068612
Deputy Attorney General
California Department of Justice
1300 I Street, Suite 125
P.O. Box 944255
Sacramento, CA 94244-2550
Telephone: (916) 445-2271
Facsimile: (916) 327-8643

Attorneys for Complainant

**BEFORE THE
CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA**

In the Matter of the Accusation Against:

Case No. AC-2003-20

JEFFREY M. BACSIK
565 Chestnut Street
Wycoff, NJ 07481

A C C U S A T I O N

CPA Certificate No. 66819

Respondent.

Complainant alleges:

PARTIES

1. Carol Sigmann (Complainant) brings this Accusation solely in her official capacity as the Executive Officer of the California Board of Accountancy (Board), Department of Consumer Affairs.

2. On or about May 13, 1994, the California Board of Accountancy issued Certified Public Accountant Certificate Number 66819 to Jeffrey M. Bacsik (Respondent). The Certificate expired on November 30, 2002, and has not been renewed.

JURISDICTION

3. This Accusation is brought before the Board under the authority of the following provisions of the Business and Professions Code (Code).

4. Section 5100 of the Code states, in pertinent part:

1 After notice and hearing the board may revoke, suspend or refuse to renew any
2 permit or certificate granted under Article 4 (commencing with Section 5070) and Article 5
3 (commencing with Section 5080), or may censure the holder of that permit or certificate for
unprofessional conduct which includes, but is not limited to, one or any combination of the
following causes:

* * * *

4 (f) Willful violation of this chapter or any rule or regulation promulgated by the
board under the authority granted under this chapter.

5 (g) Suspension or revocation of the right to practice before any governmental
body or agency.

* * * *

7 5. Section 5063(a)(3) of the Code requires a licensee to report in writing to
8 the Board within 30 days of the cancellation, revocation, or suspension of the right to practice as
9 a certified public accountant or a public accountant before any governmental body or agency.

10 FIRST CAUSE FOR DISCIPLINE

11 (Suspension of Right to Practice Before Governmental Agency)

12 6. Respondent is subject to disciplinary action under section 5100(g) of the
13 Code in that Respondent's right to appear or practice as an accountant before the United States
14 Securities and Exchange Commission (SEC) was revoked on December 27, 2001. The
15 circumstances are as follows:

16 7. From 1993 through 1996, as a certified public accountant and partner in
17 the accounting firm of Deloitte & Touche, Respondent served as the engagement partner for the
18 audits of a Connecticut-based company. For the fiscal year 1996 and the first quarter of 1997,
19 Respondent also served as the engagement partner for the reviews of the company's quarterly
20 financial statements.

21 In 1998, based on an internal investigation, the company issued a
22 restatement of its financial statements, reflecting that it had overstated its pretax income for the
23 fiscal years 1992 through 1996 by over \$28,000,000.00, and for the first three quarters of 1997 by
24 \$21,000,000.00. Within this restatement, eighteen categories of material accounting errors were
25 identified, with improper capitalized contract rights of \$21,700,000.00 being the largest. On
26 January 7, 1999, the company entered a Chapter 11 bankruptcy proceeding.

27 Based in part on the company's restatement and Chapter 11 filing, the SEC
28 commenced an investigation of Respondent. In anticipation of the SEC administrative

1 proceedings, Respondent submitted an "Offer of Settlement," which the SEC determined to
2 accept. On December 27, 2001, "In the Matter of Jeffrey Bacsik, CPA, Respondent," SEC
3 Administrative Proceeding File No. 3-10664, the SEC ordered that Respondent, effective
4 immediately, be denied the privilege of appearing or practicing before the Commission as an
5 accountant; the SEC Order further provided that Respondent may request reinstatement after two
6 years from the date of the Order.

7 SECOND CAUSE FOR DISCIPLINE

8 (Failure to Report a Reportable Event)

9 8. Respondent is subject to disciplinary action under sections 5100(f) and
10 5063(a)(3) of the Code in that Respondent failed to timely report to the Board the December 27,
11 2001, action of the SEC described in Paragraph 7 above.

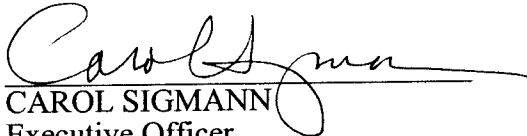
12 PRAYER

13 WHEREFORE, Complainant requests that a hearing be held on the matters herein
14 alleged, and that following the hearing, the California Board of Accountancy issue a decision:

15 1. Revoking, suspending or otherwise imposing discipline upon Certified
16 Public Accountant Certificate Number 66819, issued to Jeffrey M. Bacsik; and

17 2. Taking such other and further action as may be required.

18 DATED: January 22, 2003

19
20 
21 CAROL SIGMANN
22 Executive Officer
23 California Board of Accountancy
24 Department of Consumer Affairs
25 State of California
26 Complainant

25 03541110-SA2003100005